

# PERAC

COMMONWEALTH OF MASSACHUSETTS | PUBLIC EMPLOYEE RETIREMENT ADMINISTRATION COMMISSION

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## MEMORANDUM

TO: Gloucester Retirement Board

FROM: Joseph E. Connarton, Executive Director

RE: Approval of Funding Schedule

DATE: August 19, 2016

This Commission is hereby furnishing you with approval of the funding schedule you recently adopted (copy enclosed). The schedule assumes payments are made on July 1 each fiscal year. The schedule is effective in FY17 (since the amount under the prior schedule was maintained in FY17) and is acceptable under Chapter 32.

This schedule reflects a reduction in the investment return assumption from 7.75% to 7.5% and the adoption of a fully generational mortality assumption.

If you have any questions, please contact PERAC's Actuary, Jim Lamenzo, at (617) 666-4446, extension 921.

Enc.



## SECTION 2: Valuation Results for the Gloucester Contributory Retirement System

CHART 16

Funding Schedule – Fully funded by 2034, with increase in appropriation of 6.75% per year

(1) Fiscal Year Ended June 30	(2) Employer Normal Cost	(3) Amortization of 2002 Housing Authority ERI Liability	(4) Amortization of 2003 Housing Authority ERI Liability	(5) Amortization of 2003 City ERI Liability	(6) Amortization of Remaining Unfunded Liability	(7) Total Plan Cost: (2) + (3) + (4) + (5) + (6)	(8) Total Unfunded Actuarial Accrued Liability at Beginning of Fiscal Year	(9) Total Plan Cost % Increase
2017	\$2,089,109	\$3,734	\$6,397	\$47,505	\$6,211,666	\$8,358,411	\$112,887,428	--
2018	2,169,305	3,733	6,396	47,505	6,695,665	8,922,604	114,556,850	6.75%
2019	2,252,566	--	--	--	7,272,313	9,524,879	115,950,774	6.75%
2020	2,339,009	--	--	--	7,828,800	10,167,809	116,829,345	6.75%
2021	2,428,756	--	--	--	8,425,380	10,854,136	117,175,586	6.75%
2022	2,521,932	--	--	--	9,064,858	11,586,790	116,906,471	6.75%
2023	2,618,668	--	--	--	9,750,230	12,368,898	115,929,734	6.75%
2024	2,719,099	--	--	--	10,484,700	13,203,799	114,142,966	6.75%
2025	2,823,367	--	--	--	11,271,689	14,095,056	111,432,636	6.75%
2026	2,931,616	--	--	--	12,114,856	15,046,472	107,673,019	6.75%
2027	3,043,998	--	--	--	13,018,111	16,062,109	102,725,025	6.75%
2028	3,160,672	--	--	--	13,985,629	17,146,301	96,434,933	6.75%
2029	3,281,799	--	--	--	15,021,877	18,303,676	88,633,002	6.75%
2030	3,407,550	--	--	--	16,131,624	19,539,174	79,131,959	6.75%
2031	3,538,099	--	--	--	17,319,970	20,858,069	67,725,360	6.75%
2032	3,673,631	--	--	--	18,592,357	22,265,988	54,185,795	6.75%
2033	3,814,334	--	--	--	19,954,609	23,768,943	38,262,945	6.75%
2034	3,960,405	--	--	--	19,681,462	23,641,867	19,681,462	-0.53%
2035	4,112,047	--	--	--	--	4,112,047	--	-82.61%

Notes: Fiscal 2017 contribution set at budgeted amount.

Recommended contributions are assumed to be paid on July 1.

Item (2) reflects 3.5% growth in payroll, as well as a 0.15% adjustment to total normal cost to reflect the effects of mortality improvements due to the generational mortality assumption.

Projected normal cost does not reflect the future impact of pension reform for future hires.

Projected unfunded actuarial accrued liability does not reflect deferred investment losses.